

EXHIBIT A

Dr. Jonathan Walker

Direct Examination

Dr. Jonathan Walker



Dr. Jonathan Walker

Education



Ph.D., Economics

Mass. Institute of Technology (MIT)



A.B., Economics

University of California, Berkeley

Professional Experience



Managing Director

Secretariat Economists (2021-Present)



CEO & President (2003-2021)

Economists Incorporated (1990-2003)



Consultant

Monitor Company (1988-1990)



Visiting Research Fellow

Federal Reserve Bank of Boston (1987-1988)

Assignment

1. Assess whether a conspiracy like the one Plaintiffs allege would be likely to reduce egg supply and increase prices
2. Assess whether egg production decreased and prices increased
3. Determine whether Dr. Baye's analysis and opinions are reliable

Materials Reviewed And Relied Upon



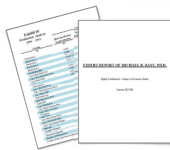
Hundreds of documents, articles, affidavits and other third-party materials about the egg industry, egg production, egg product production, agricultural economics, and animal welfare



15 interviews with participants in the shell egg and egg product industries, including *Rose Acre*, *Daybreak*, *Michael Foods*, *Cal-Maine*, and *Moark*



Transcripts from **almost 70 depositions**, including for representatives of *General Mills*, *Kellogg*, *Nestle*, and *Kraft*







Dr. Baye's **reports and workpapers**



Second Amended Complaint and various court filings

Summary Of Opinions

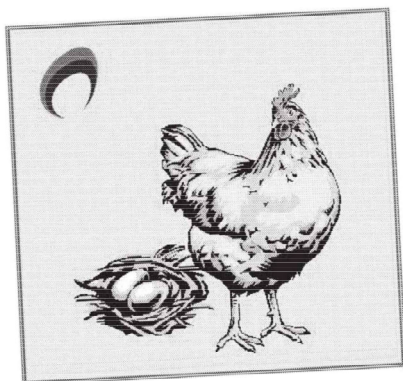
-  The conspiracy Plaintiffs alleged would be unlikely to reduce supply or raise prices
-  Production and pricing data indicate there was no effective conspiracy to reduce supply and raise prices
-  Dr. Baye's analysis is flawed and invalid
-  Plaintiffs have not demonstrated that egg product prices were higher than they should have been

Summary Of Opinions

- 1 The conspiracy Plaintiffs alleged would be unlikely to reduce supply or raise prices
- 2 Production and pricing data indicate there was no effective conspiracy to reduce supply and raise prices
- 3 Dr. Baye's analysis is flawed and invalid
- 4 Plaintiffs have not demonstrated that egg product prices were higher than they should have been

No Limits On Expansion Or Growth

*UNITED EGG PRODUCERS
ANIMAL HUSBANDRY
GUIDELINES FOR*



*U.S. EGG
LAYING FLOCKS
2002 EDITION*

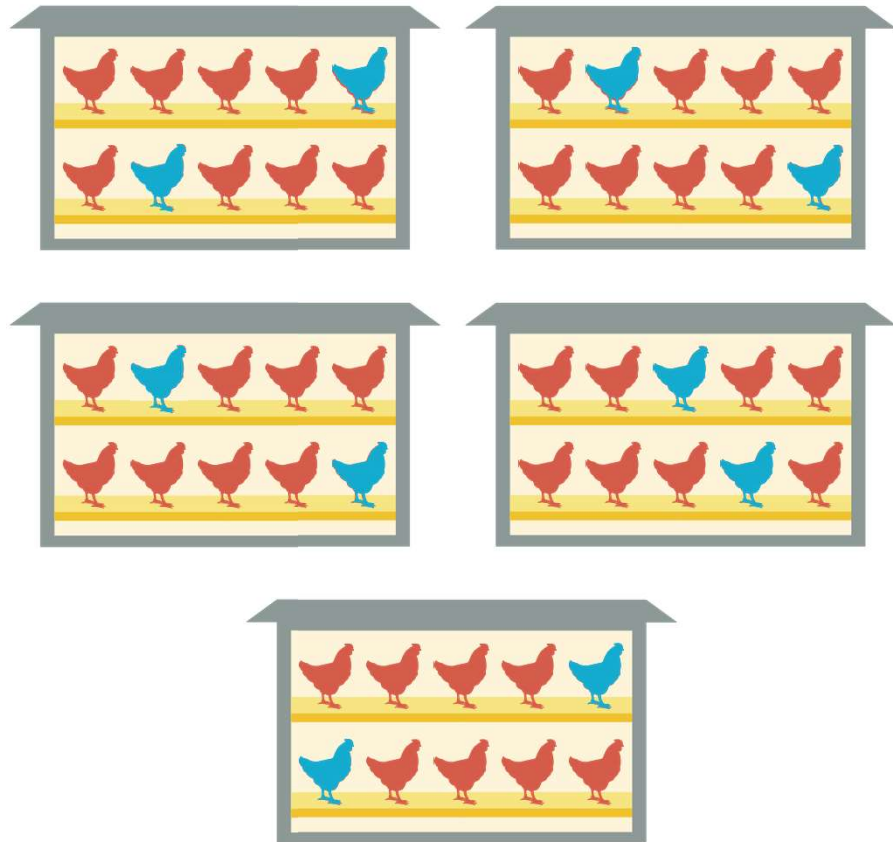
FMI-000171

D-0217-001

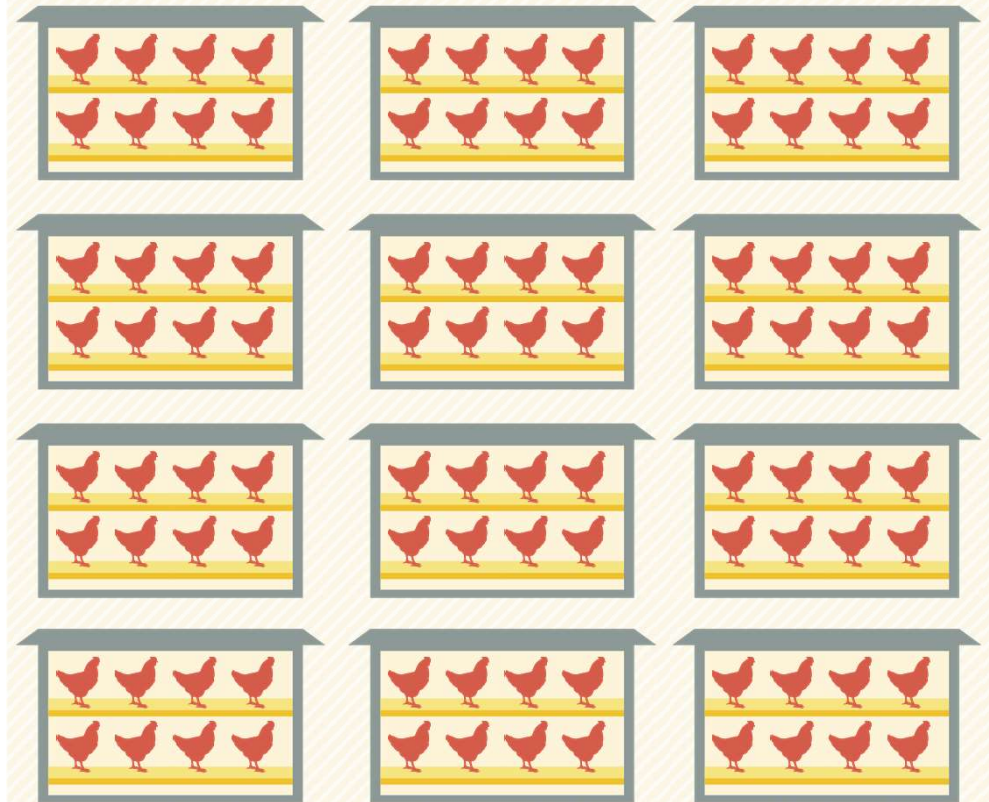
- ✗ **No limits** on hens
- ✗ **No limits** on eggs
- ✗ **No limits** on cages
- ✗ **No limits** on houses
- ✗ **No limits** on farms

No Limits On Expansion, Hens Or Production

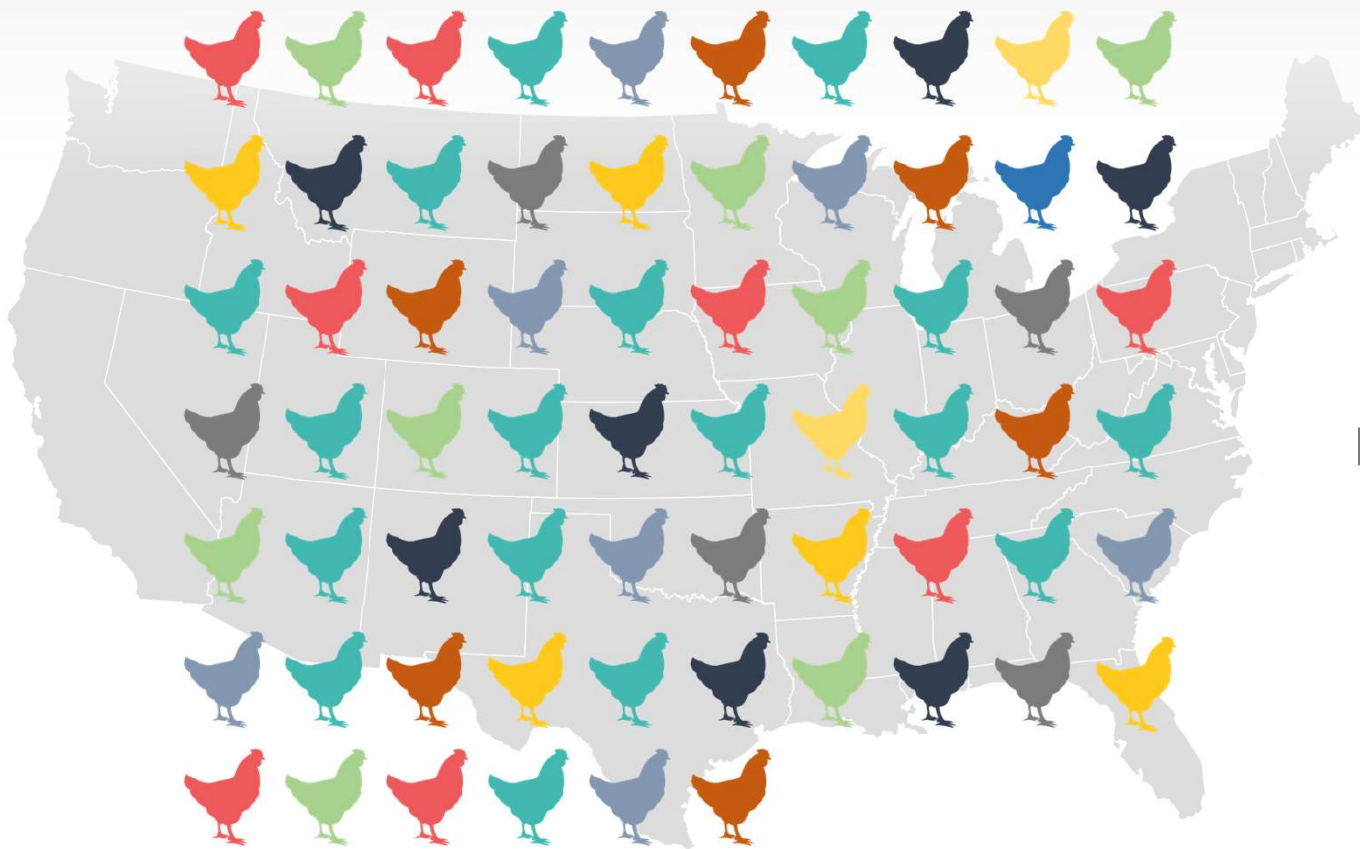
PLAINTIFFS' THEORY:



THE REALITY:

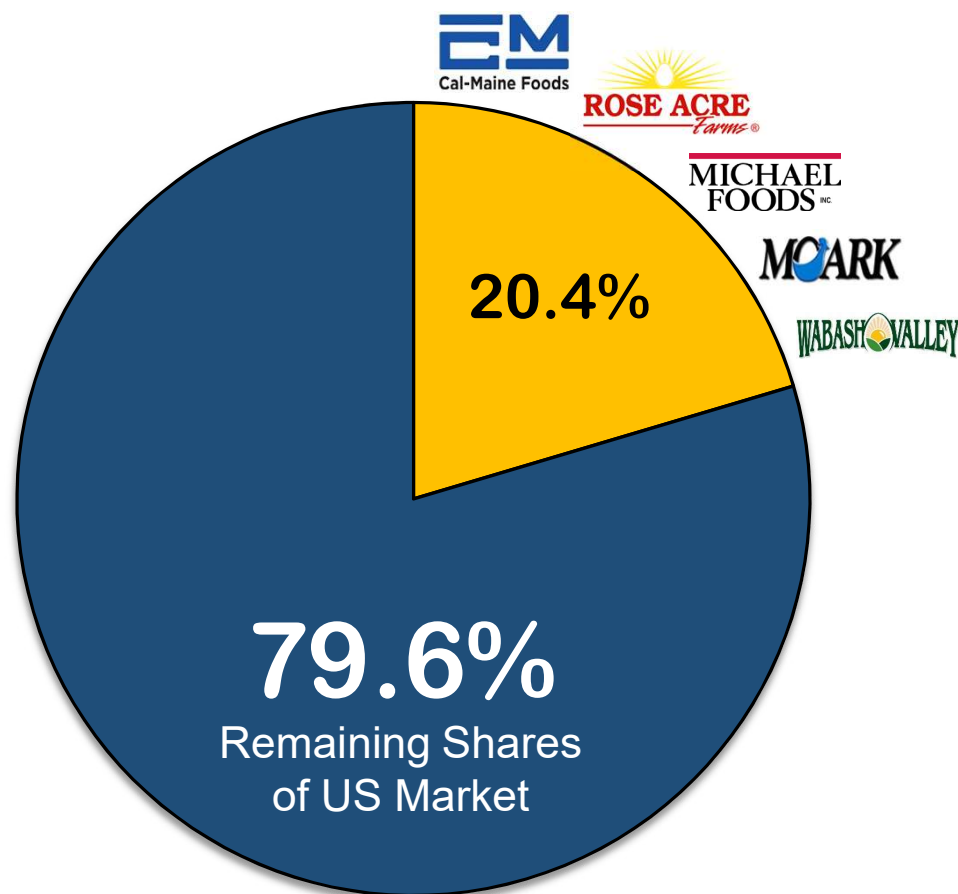


Fragmented Industry



66 Producers
have 1 million hens or more
in 2004

Absence of Market Power



Examples Of Expansion & Entry



+3.9M capacity
from 2002-2012
(excluding
acquisitions)



Sponsored
expansion to
facilitate
compliance with
McDonald's
animal welfare
standards



Sponsors new
entrants and
expansion with
purchase
commitments



Started in 2000
from zero



Expanded
consistently

At least
+8.3M capacity
from 2002-2012
(excluding
acquisitions)

Summary Of Opinions

- 1 The conspiracy Plaintiffs alleged would be unlikely to reduce supply or raise prices
- 2 Production and pricing data indicate there was no effective conspiracy to reduce supply and raise prices
- 3 Dr. Baye's analysis is flawed and invalid
- 4 Plaintiffs have not demonstrated that egg product prices were higher than they should have been

The Plaintiffs' Theory

IN RE: PROCESSED EGG PRODUCTS
ANTITRUST LITIGATION

MDL No. 20
08-md-02200

THIS DOCUMENT RELATES TO:
Kraft Foods Global, Inc. et al v. United Egg
Producers, Inc. et al, No. 1:11-cv-08808-LP

SECOND AMENDED COMPLAINT

Contents:
I. Overview of Defendants' *Per Se* Unlawful Conspiracy to Control
Artificially Maintain and Increase the Price of Eggs
A. Defendants undertook a series of collective actions in their
conspiracy to control supply and artificially maintain and
price of eggs.
B. Defendants privately recognized that their conspiracy had
increased prices.
II. Jurisdiction and Venue
III. Parties
A. Plaintiffs
1. Kraft Foods Global, Inc.
2. The Kellogg Company
3. General Mills, Inc.
4. Nestlé USA, Inc.
B. Defendants and Co-Conspirators
1. Defendant Egg Producers
2. Defendant and Co-Conspirator Industry Trade
3. Producer and Other Co-Conspirators
IV. Trade and Commerce
A. Overview of Egg Production Cycle
B. The Sale and Consumption of Eggs
C. Shell Eggs and Egg Products Prices Are Correlated
D. Eggs Are a Commodity with No Substitutes and Are

Plaintiffs Kraft Foods Global, Inc., The Kellogg Company, General Mills, Inc., and
Nestlé USA, Inc., by their undersigned attorneys, bring this action against Defendants for
injunctive relief and treble damages arising out of Defendants' *per se* unlawful violations of the
antitrust laws of the United States. Plaintiffs demand a jury trial pursuant to Rule 38 of the
Federal Rules of Civil Procedure, and allege the following.

I. Overview of Defendants' *Per Se* Unlawful Conspiracy to Control Supply and Artificially Maintain and Increase the Price of Eggs

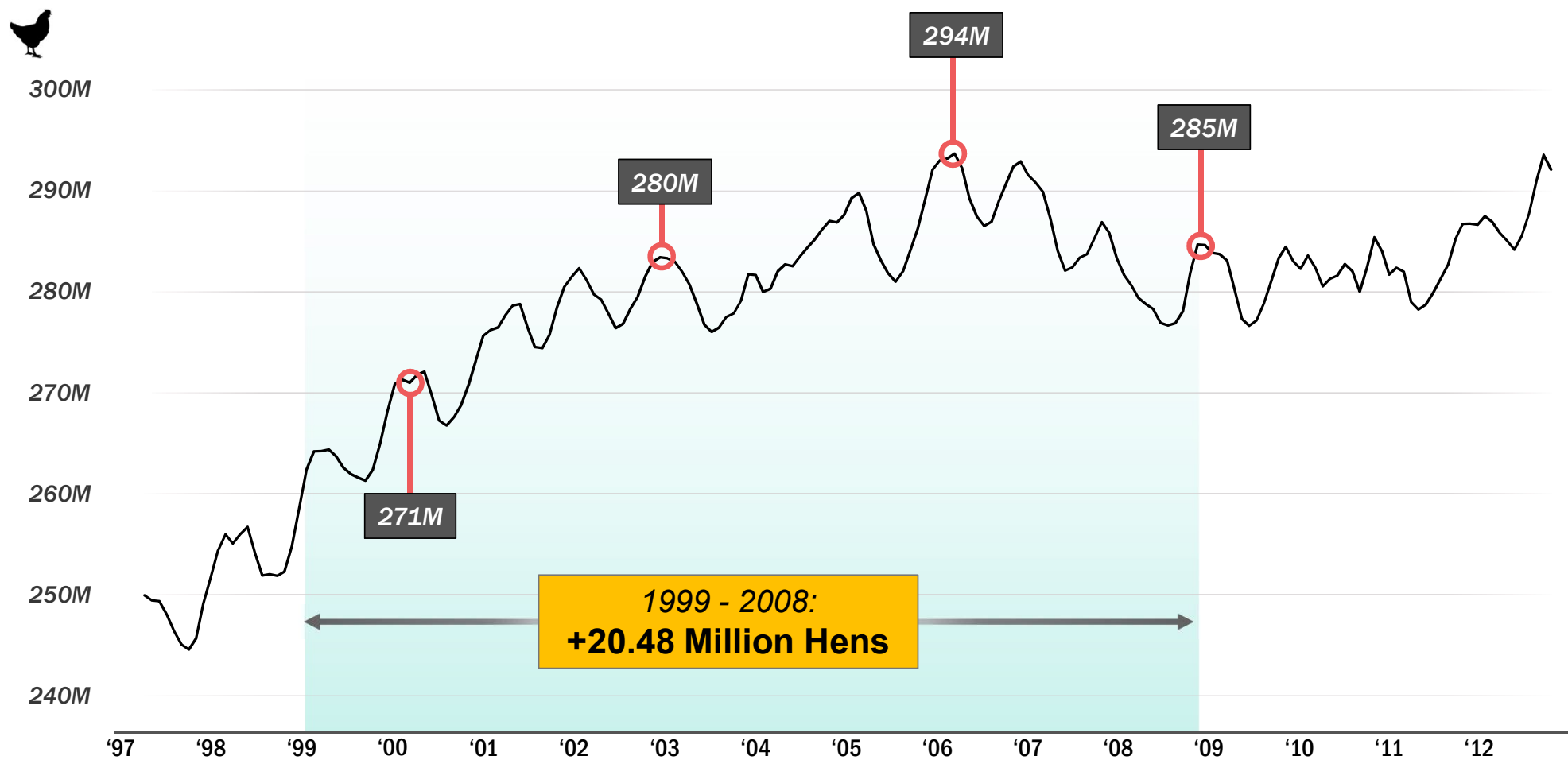
1. "Shell eggs" are eggs sold in their hard shell, typically in cartons. "Egg products" are
shell eggs that are broken and sold in liquid, frozen, or dried form. Unless otherwise noted,

7. During the relevant conspiracy period, Defendants unlawfully agreed to and did implement their conspiracy to control supply and artificially maintain and increase the price of eggs through a series of collective actions

"[t]he [egg] industry has traditionally been subject to periods of high profitability followed
by periods of significant loss."

5. In their non-public internal communications in furtherance of the conspiracy,
Defendants recognized that, other things being equal, egg producers could profit from "boom"
prices and avoid "bust" prices by controlling supply because the demand for eggs is inelastic.

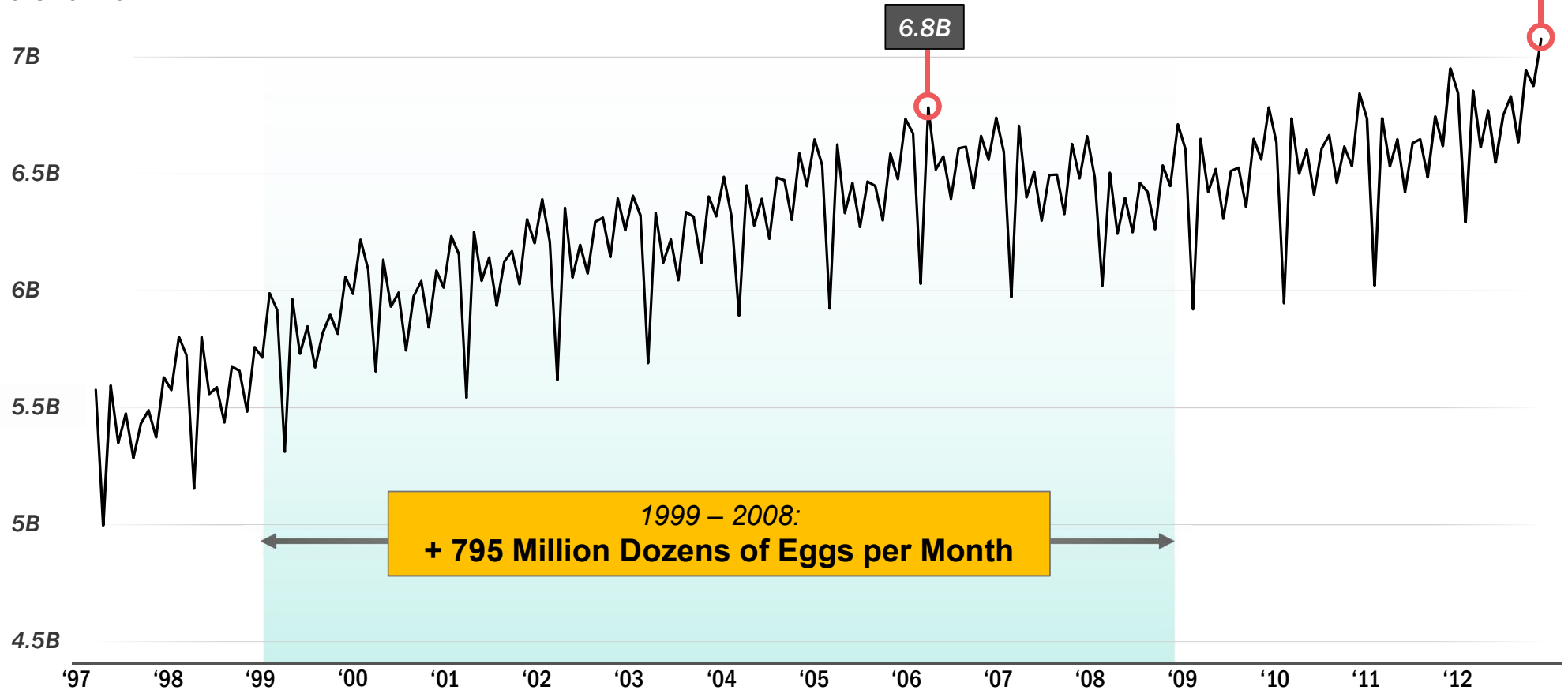
Flock Size Increased



Egg Production Increased



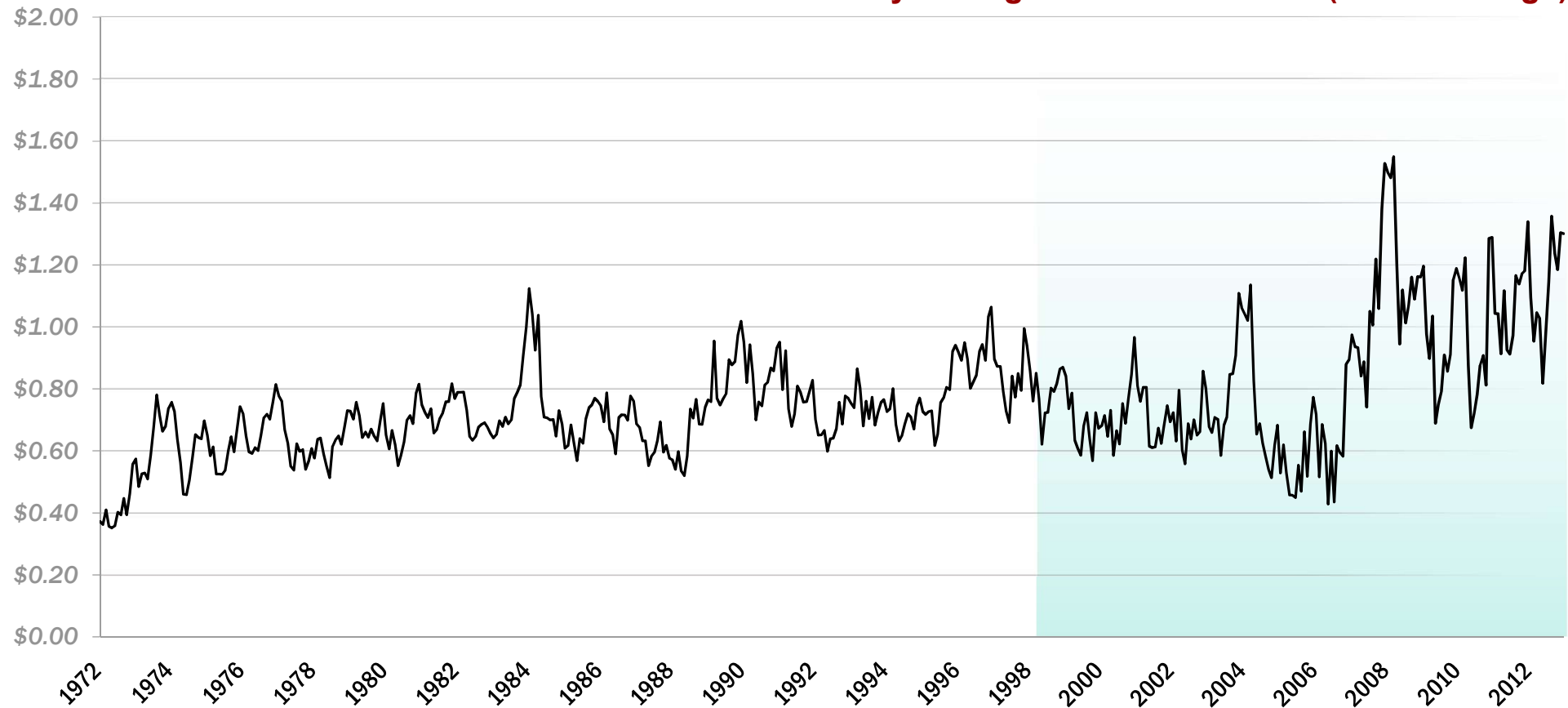
Dozens Per Month



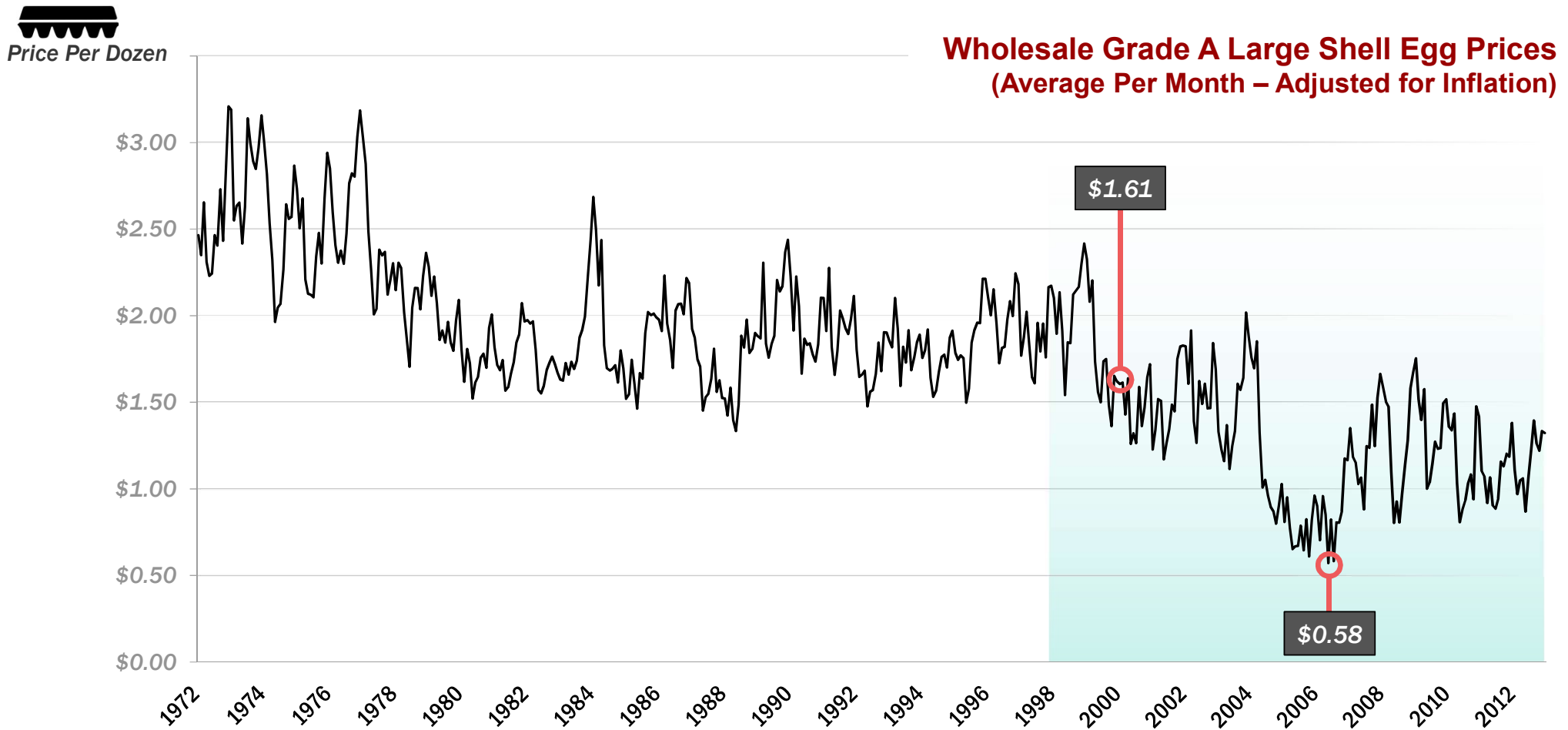
Nominal Prices Were Low


Price Per Dozen

Wholesale Shell Eggs Price
Monthly Average for 12-Metro Area (Grade A Large)



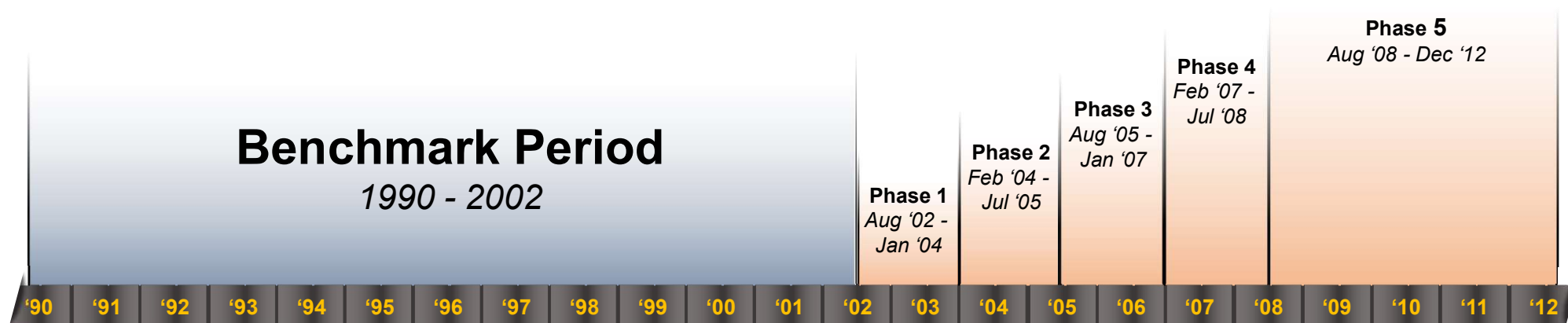
Inflation-Adjusted Prices Were Low



Summary Of Opinions

- 1 The conspiracy Plaintiffs alleged would be unlikely to reduce supply or raise prices
- 2 Production and pricing data indicate there was no effective conspiracy to reduce supply and raise prices
- 3 Dr. Baye's analysis is flawed and invalid**
- 4 Plaintiffs have not demonstrated that egg product prices were higher than they should have been

Dr. Baye's Data Period



Dr. Baye Offers No Opinion On “Lasting Effects”



Dr. Baye's Regression Results

EXPERT REPORT OF MICHAEL R. BAYE, Ph.D.

Highly Confidential – Subject to Protective Order

January 22, 2015

Variable (a)	Main Specification Log(Production) (b)	Backfilling Ban Specification Log(Production) (c)
Restriction 1	-0.002	
Restriction 2	-0.006	
Restriction 3	-0.024 ***	
Restriction 4	-0.056 ***	
Restriction 5	-0.053 ***	
Backfilling Ban		-0.021 ***
Lag 4 Real Feed Cost	-0.439 ***	-0.783 ***
Lag 4 Real Electricity Price	0.004	-0.014 **
Lag 4 Real GDP	0.026 ***	0.024 ***
Time	0.001 ***	0.001 ***
Time Squared		
Lag 5 Real Feed Cost		
Lag 5 Real Electricity Price		
Lag 5 Real GDP		
Real Feed Cost		
Real Electricity Price		
Real GDP		
Lag 4 Population		
Lag 4 Real Soybean Price		
Lag 4 Real Corn Price		
Population		
Lag 4 TED		
Lag 4 Real Diesel Price		
Lag 4 Fed Funds Rate		
Lag 4 Agricultural Wages		
Intercept	8.284 ***	8.415 ***
Monthly Dummies	X	X
Adjusted R-Squared	0.991	0.988
Number of Observations	272	272
P-value of the Joint F-test on Restrictions	0.00	0.00

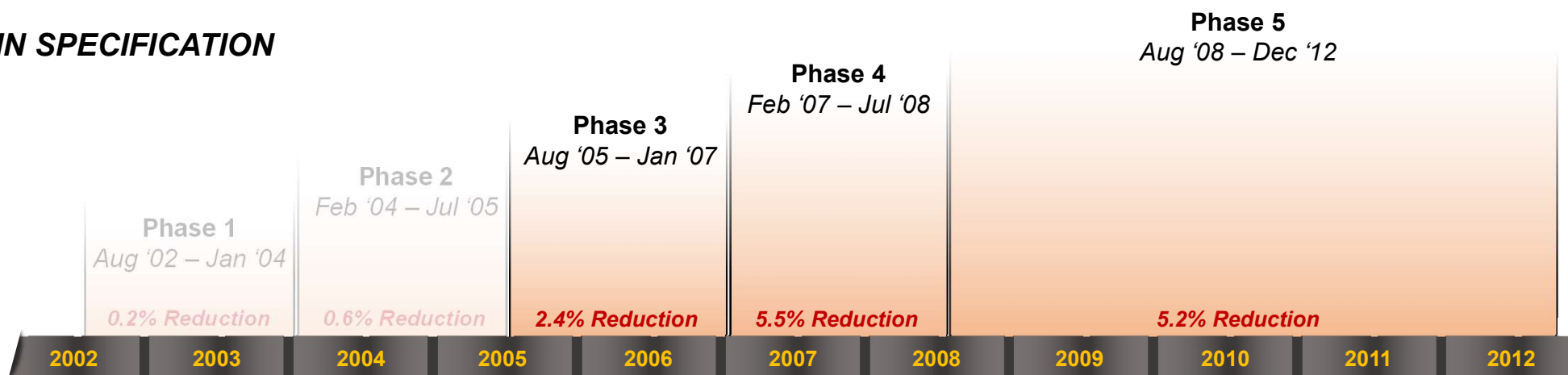
Exhibit 16
Production Analysis
1990 - 2012

Parameter Estimates					
Specification 4 Log(Production) (e)	Specification 5 Log(Production) (f)	Specification 6 Log(Production) (g)	Specification 7 Log(Production) (i)	Specification 8 Log(Production) (j)	Specification 9 Log(Production) (k)
-0.001	-0.003	-0.003	-0.003	-0.002	-0.009 *
-0.003	-0.010 *	-0.009	-0.010 **	-0.005	-0.015 ***
-0.019 ***	-0.031 ***	-0.028 ***	-0.024 ***	-0.024 ***	-0.018 **
-0.050 ***	-0.061 ***	-0.059 ***	-0.053 ***	-0.056 ***	-0.052 ***
-0.048 ***	-0.056 ***	-0.058 ***	-0.044 ***	-0.053 ***	-0.054 ***
		-0.546 ***	-0.286 *		-0.115
		0.000	0.003	0.004	-0.007
		0.027 ***	0.040 ***	0.025 ***	0.046 ***
0.001 ***	0.001 ***	0.002 ***	0.001 ***	0.001 ***	-0.003
					0.000 *
-0.500 ***					
-0.002					
0.023 ***					
	-0.440 ***				
	0.014 *				
	0.030 ***				
		-0.004 **	-0.004 **		0.010
				0.000	
				-0.005 *	
			-0.006 **		-0.005 *
			0.000 **		0.000 **
					-0.003 ***
					-0.007
8.347 ***	8.191 ***	9.193 ***	9.134 ***	8.287 ***	5.870 ***
X	X	X	X	X	X
0.990	0.991	0.991	0.991	0.990	0.992
271	276	272	272	272	272
0.00	0.00	0.00	0.00	0.00	0.00

errors.

Dr. Baye's Egg Production Model Results

MAIN SPECIFICATION



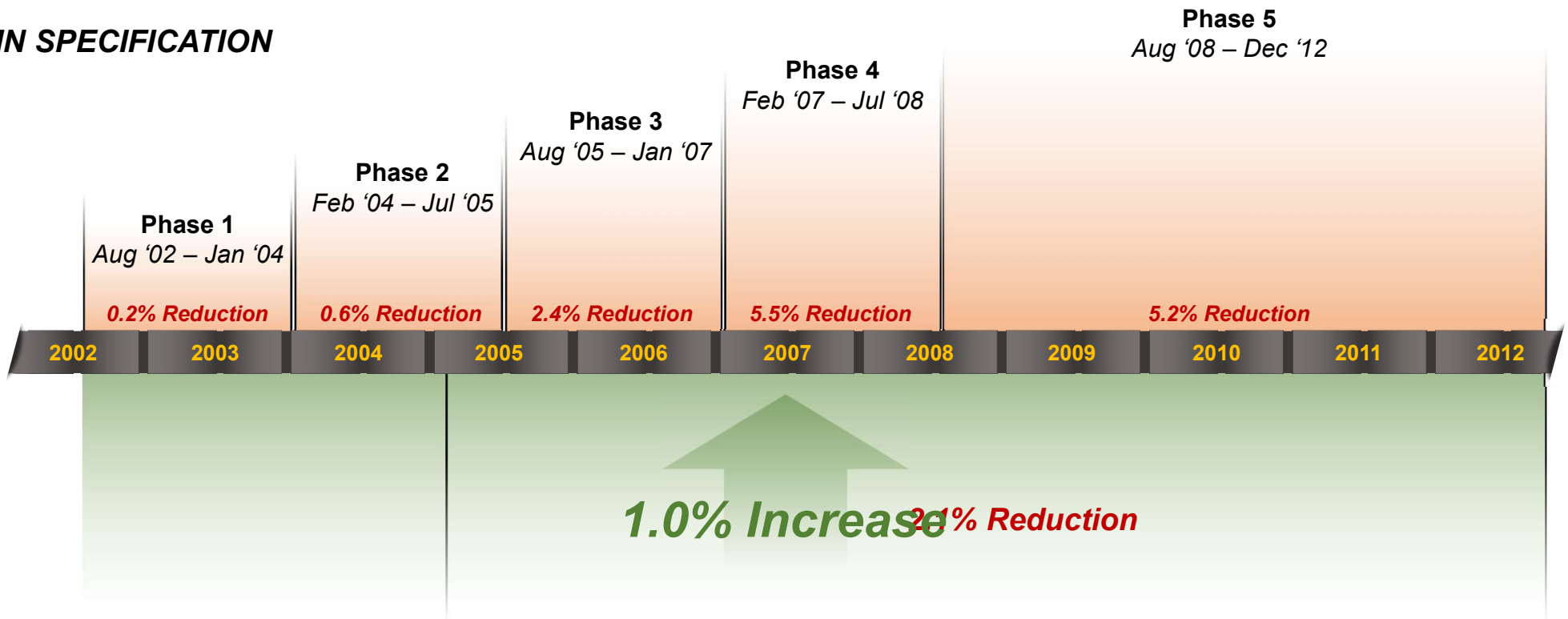
BACKFILLING BAN

Backfilling Ban: Feb '05 – Dec '12

2.1% Reduction

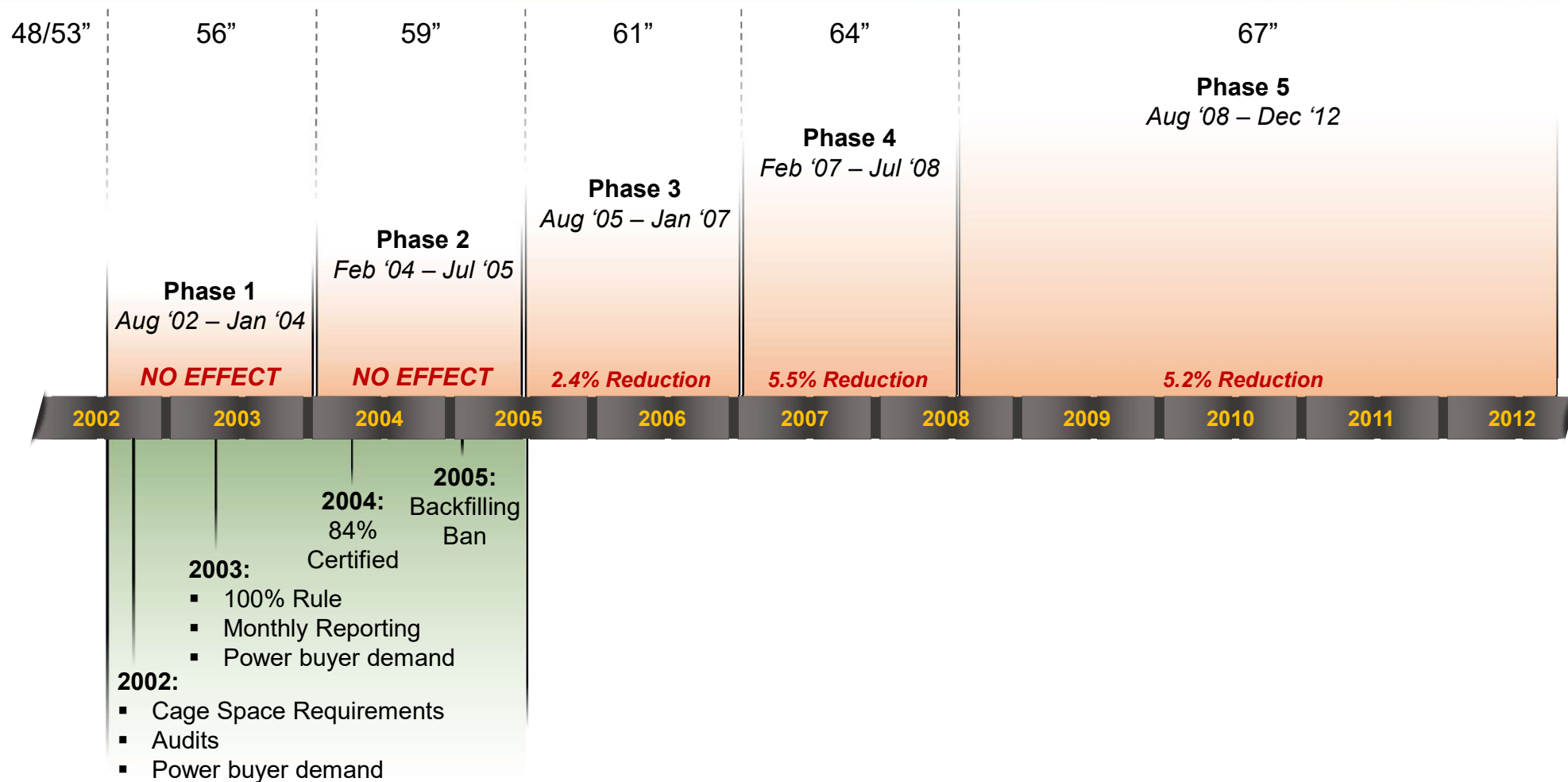
Dr. Baye's Egg Production Model Results

MAIN SPECIFICATION



SINGLE INDICATOR FOR ENTIRE PERIOD

Dr. Baye's Egg Production Model Results



Large Customers Demanded Certified Eggs In 2002 & 2003



Dr. Baye's Benchmark Period Is Inappropriate: The '90s Were Different



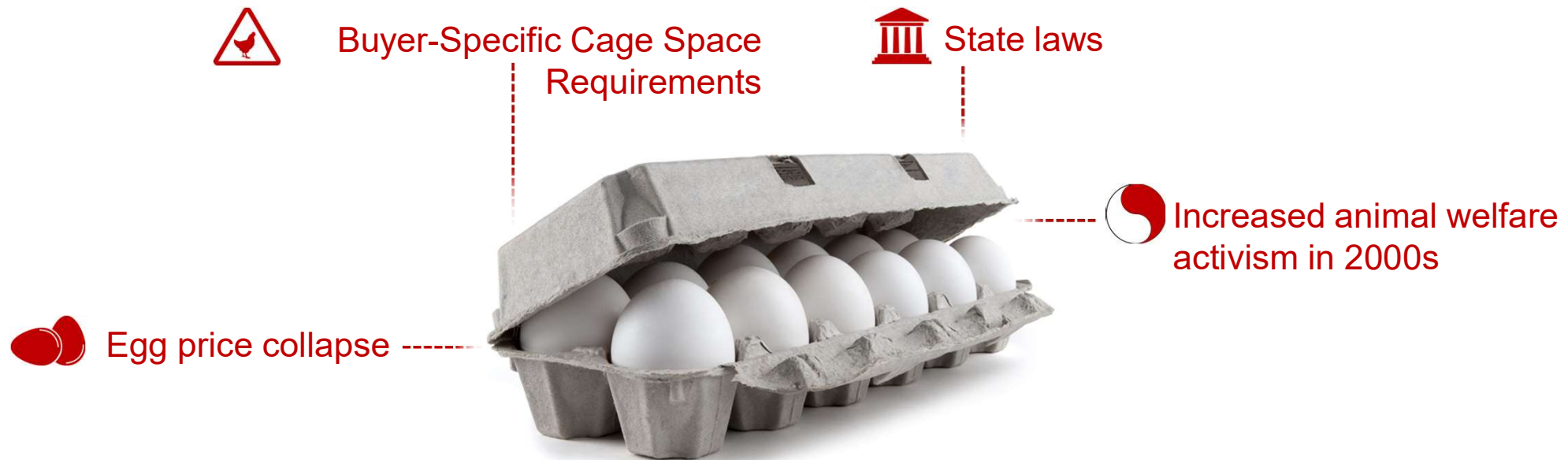
Buyer-Specific Cage Space
Requirements



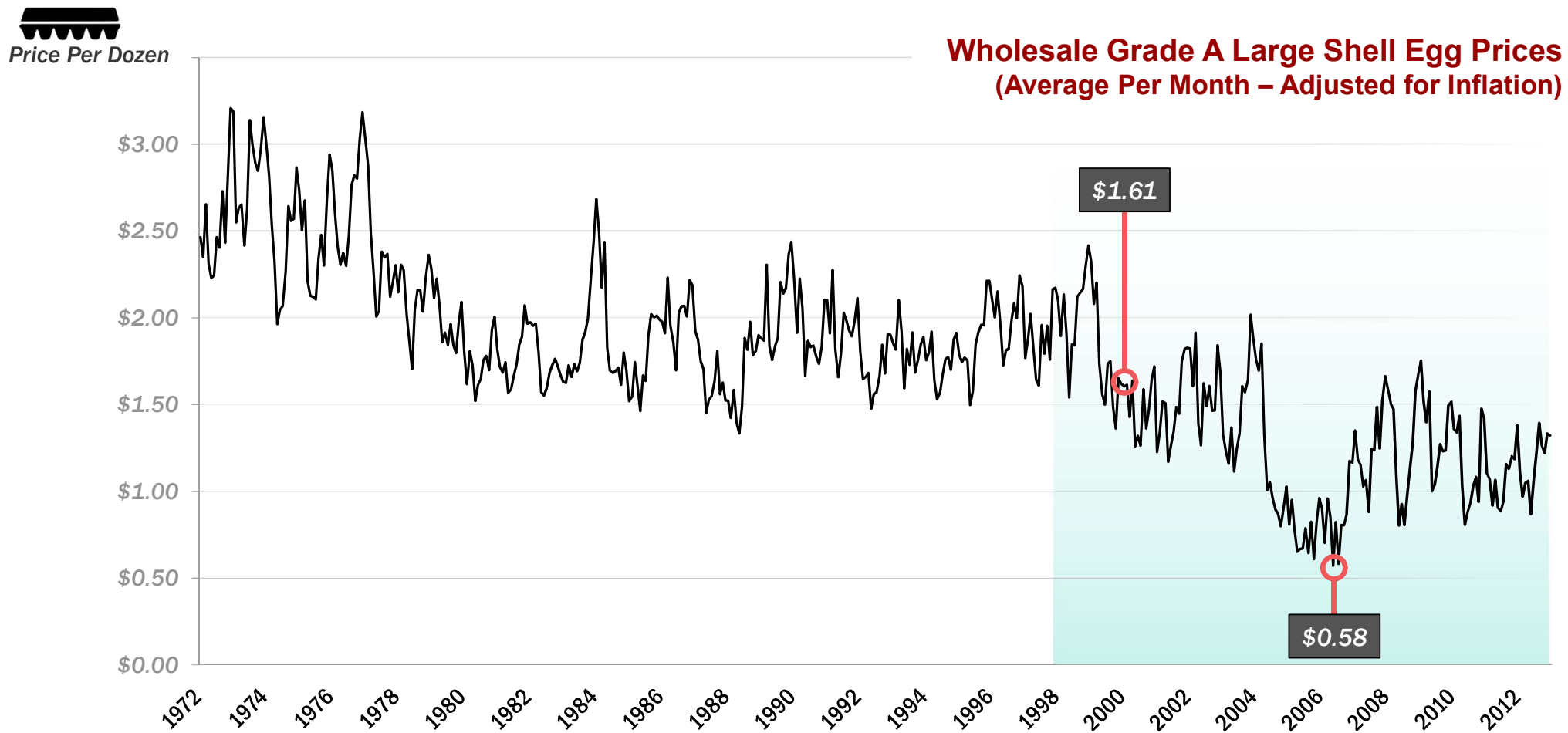
State laws



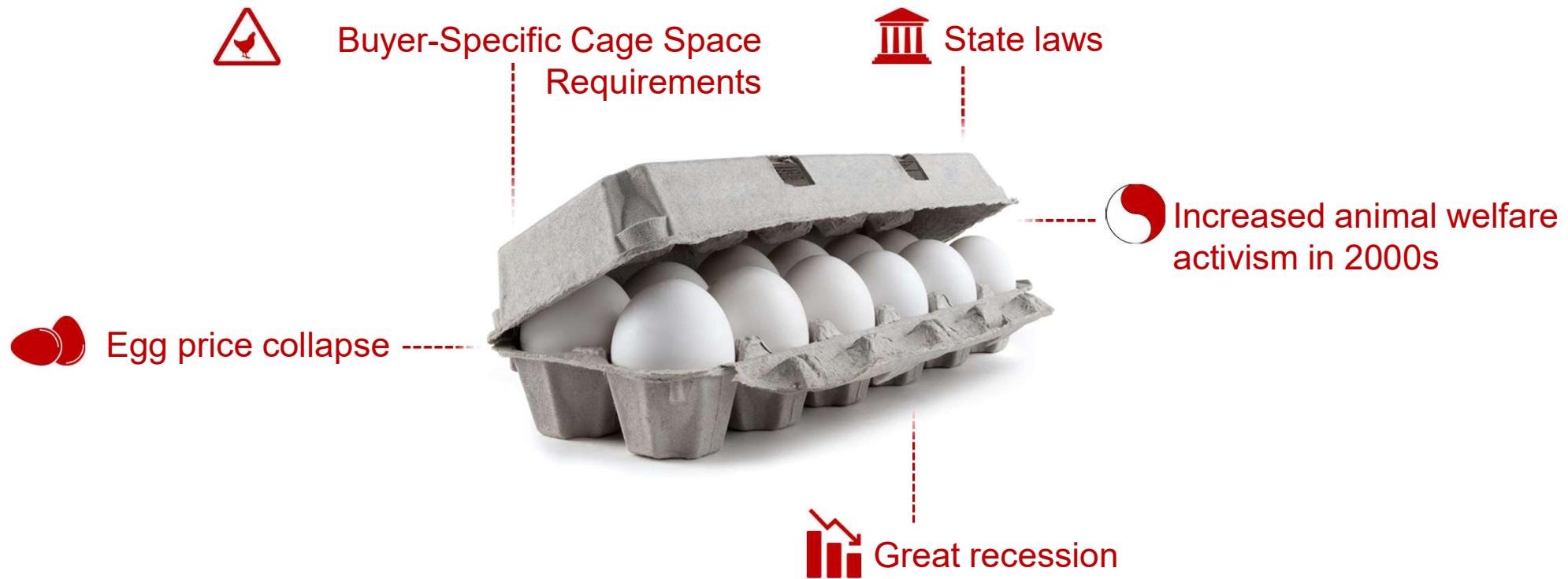
Dr. Baye's Benchmark Period Is Inappropriate: The '90s Were Different



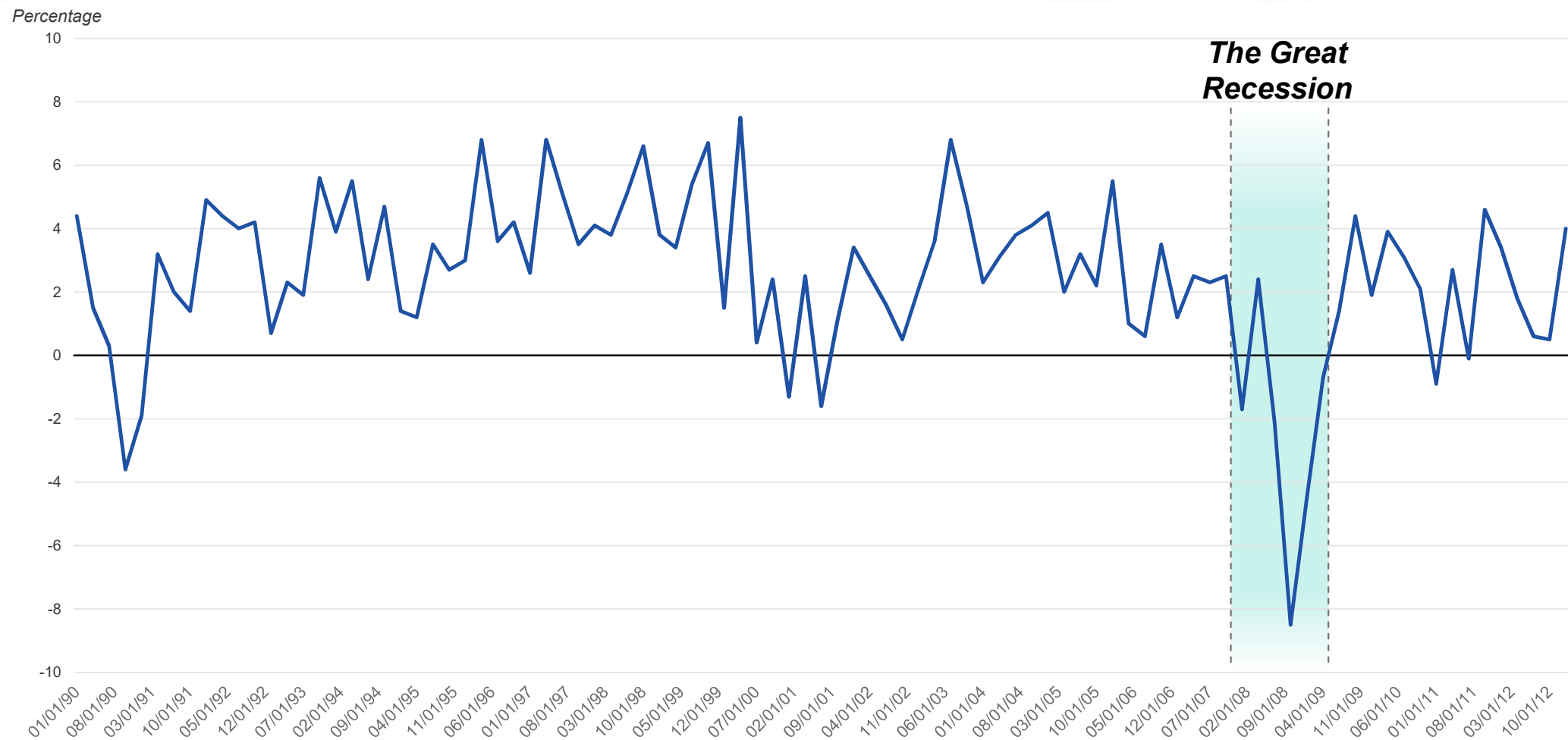
Prices Were At Historical Lows



Dr. Baye's Benchmark Period Is Inappropriate: The '90s Were Different



Quarterly Real GDP, Percent Change From Preceding Period, Seasonally Adjusted Annual Rate (1990-2012)



Dr. Baye's Time Trend Variable

EXPERT REPORT OF MICHAEL R. BAYE, PH.D.

Highly Confidential – Subject to Protective Order

January 22, 2015

Exhibit 16
Production Analysis
1990 - 2012

Variable	Main Specification Log(Production)	Backfilling Ban Specification Log(Production)
(a)	(b)	(c)
Restriction 1	-0.002	
Restriction 2	-0.006	
Restriction 3	-0.024 ***	
Restriction 4	-0.056 ***	
Restriction 5	-0.053 ***	
Backfilling Ban		-0.021 ***
Lag 4 Real Feed Cost	-0.439 ***	-0.783 ***
Lag 4 Real Electricity Price	0.004	-0.014 **
Lag 4 Real GDP	0.026 ***	0.024 ***
Time	0.001 ***	0.001 ***
Time Squared		
Lag 5 Real Feed Cost		
Lag 5 Real Electricity Price		

1.2% Increase
Per Year



Variable	Main Specification Log(Production)	Backfilling Ban Specification Log(Production)
(a)	(b)	(c)

Time	0.001 ***	0.001 ***
------	-----------	-----------

Number of Observations	272	272
P-value of the Joint F-test on Restrictions	0.00	0.00

Relevant Market

Shell Eggs vs. Egg Products



Shell Eggs



Egg Products

Summary Of Opinions

- 1 The conspiracy Plaintiffs alleged would be unlikely to reduce supply or raise prices
- 2 Production and pricing data indicate there was no effective conspiracy to reduce supply and raise prices
- 3 Dr. Baye's analysis is flawed and invalid
- 4 Plaintiffs have not demonstrated that egg product prices were higher than they should have been**

Fewer Eggs Produced Does Not Mean Fewer Eggs Going To Egg Products

300 Eggs Produced

150  Shell eggs

50  Exports

100  Egg products





250 Eggs Produced

125  Shell eggs

25  Exports

100  Egg products

Summary Of Opinions

-  1 The conspiracy Plaintiffs alleged would be unlikely to reduce supply or raise prices
-  2 Production and pricing data indicate there was no effective conspiracy to reduce supply and raise prices
-  3 Dr. Baye's analysis is flawed and invalid
-  4 Plaintiffs have not demonstrated that egg product prices were higher than they should have been